

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6372

BILL NUMBER: HB 1083

DATE PREPARED: Nov 17, 1998

BILL AMENDED:

SUBJECT: State Police pension cost of living allowance.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a 2% cost of living adjustment to a member of the 1987 State Police Benefit System who retired or was disabled after July 1, 1987, and before July 2, 1998. It provides that the amount of the basic supplemental pension benefit for an eligible retired member of the State Police Pre-1987 Benefit System is equal to 50% of the total increase occurring after the retiree's retirement date in the pension benefits to be received by an employee retiring from the state police department after July 1, 1970, with 20 years of active service. (Current law provides that the supplemental benefit equals 50% of the difference between the member's pension and the pension benefits of an employee retiring with 20 years of active service.) The bill provides that the maximum supplemental pension benefit that a retired member of the State Police Pre-1987 Benefit System may receive is 100% of the total increase occurring after the retiree's retirement date in the pension benefits of a retired employee with 20 years of service. It provides a cost of living adjustment to a retired or disabled member of the state police pre-1987 benefit system equal to the greater of: (1) the supplemental benefit that will accrue to the member between July 1, 1999, and July 1, 2000; or (2) 2% for a member who retired or was disabled after July 1, 1984, and before July 2, 1998, 3% for a member who retired or was disabled after July 1, 1976, and before July 2, 1984, or 4% for a member who retired or was disabled before July 2, 1976.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The impact of this bill is as follows:

Increase in Unfunded Liability	\$2,700,000
Increase in Annual Funding	\$200,000
Increase as a % of payroll	0.5%

The State General Fund would be responsible for \$100,000 of the increase in annual funding and the Motor Vehicle Highway Account would cover the other \$100,000, since both funds support the State Police Benefit

System equally.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Police.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for the State Police Benefit System, 576-1508.

Accrued Liability--The accrued liability of a retirement system at any time is the excess of the present value of all benefits thereafter payable under the system over the present value of future normal costs.